

.....  
(Original Signature of Member)

112TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To authorize the Secretary of Housing and Urban Development to establish a national program to create jobs and increase economic development in underserved areas by promoting cooperative development.

\_\_\_\_\_  
**IN THE HOUSE OF REPRESENTATIVES**

Mr. FATTAH introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To authorize the Secretary of Housing and Urban Development to establish a national program to create jobs and increase economic development in underserved areas by promoting cooperative development.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “National Cooperative  
5       Development Act of 2011”.

1   **SEC. 2. FINDINGS AND PURPOSE.**

2           (a) FINDINGS.—The Congress finds that Federal pol-  
3   icy can promote cooperative development in underserved  
4   areas, which demonstrably has the following benefits for  
5   communities located in such areas:

6           (1) Advancement of local economic stability.

7           (2) An increase of local circulation of capital,  
8   thereby increasing economic multipliers and the im-  
9   pact of community investment to spur locally ori-  
10   ented economic growth.

11          (3) Developing, attracting, and anchoring new  
12   productive capital in low-income communities.

13          (4) Expansion of investment opportunities and  
14   asset creation for low- and moderate-income Ameri-  
15   cans.

16          (b) PURPOSE.—The purpose of this Act is to estab-  
17   lish a Federal program that will create jobs and increase  
18   economic development in underserved areas by promoting  
19   cooperative development in such areas.

20   **SEC. 3. DEFINITIONS.**

21          In this Act:

22           (1) SECRETARY.—The term “Secretary” means  
23   the Secretary of Housing and Urban Development,  
24   or his or her designee.

25           (2) NATIONAL COOPERATIVE DEVELOPMENT  
26   PROGRAM.—The term “National Cooperative Devel-

1        opment Program” means the program established  
2        under section 4(a).

3            (3) NATIONAL COOPERATIVE DEVELOPMENT  
4        CENTER.—The term “national cooperative develop-  
5        ment center” means a nonprofit organization, col-  
6        lege, or university, or a group of such organizations  
7        colleges, or universities, selected by the Secretary  
8        pursuant to section 4(b)(1) to award national center  
9        funds to local cooperative development centers and  
10       cooperative organizations, and carry out other duties  
11       and responsibilities in accordance with this Act.

12           (4) LOCAL COOPERATIVE DEVELOPMENT CEN-  
13        TER.—The term “local cooperative development cen-  
14        ter” means a nonprofit organization, college, or uni-  
15        versity, or a group of such organizations, colleges, or  
16        universities, with expertise in establishing and devel-  
17        oping cooperative organizations.

18           (5) COOPERATIVE ORGANIZATION.—The term  
19        “cooperative organization” means an autonomous  
20        association of persons united voluntarily to meet  
21        their common economic, social, and cultural needs  
22        and aspirations through a jointly-owned and demo-  
23        cratically-controlled enterprise.

1           (6) COOPERATIVE DEVELOPMENT.—The term  
2           “cooperative development” means technical assist-  
3           ance provided for the purpose of—

4                   (A) providing financial forecasting, feasi-  
5                   bility analysis, business planning, and other  
6                   preparatory activity to ensure that a coopera-  
7                   tive organization, or organizations that are in  
8                   the process of establishing such an organiza-  
9                   tion, are grounded in sound business practices;

10                   (B) assisting with establishing incorpora-  
11                   tion documents, bylaws, and policies that ensure  
12                   that cooperative organizations—

13                           (i) adhere to legal obligations of a  
14                           local or State government or the Federal  
15                           Government; and

16                           (ii) are governed by transparent and  
17                           agreed-upon rules;

18                   (C) educating, with respect to how cooper-  
19                   ative organizations function—

20                           (i) board members, management, and  
21                           employees of cooperative organizations;

22                           (ii) local communities affected by such  
23                           organizations and the general public; and

24                           (iii) professionals involved in coopera-  
25                           tive development;

1 (D) providing organizational planning for  
2 cooperative organizations, including board meet-  
3 ings and board development, and strategic plan-  
4 ning;

5 (E) hosting networking activities and con-  
6 ferences involving cooperative organizations, en-  
7 tities that work with such organizations, and  
8 professional organizations that engage in coop-  
9 erative development;

10 (F) providing professional development of  
11 professionals involved in cooperative develop-  
12 ment by offering training focused on coopera-  
13 tive development; and

14 (G) providing administrative and oper-  
15 ational set-up of cooperative organizations.

16 (7) ELIGIBLE PROJECT.—The term “eligible  
17 project” means a project that—

18 (A) meets the eligibility criteria established  
19 by the national cooperative development center  
20 pursuant to section 5(a)(1)(E); and

21 (B) serves an underserved area.

22 (8) NATIONAL CENTER FUNDS.—The term “na-  
23 tional center funds” means grant funds awarded to  
24 the national cooperative development center by the

1 Secretary under the National Cooperative Develop-  
2 ment Program.

3 (9) UNDERSERVED AREA.—

4 (A) IN GENERAL.—The term “underserved  
5 area” means an area located within—

6 (i) a census tract that is defined as  
7 low- or moderate-income by the Bureau of  
8 the Census of the Department of Com-  
9 merce;

10 (ii) a population census tract that is  
11 treated as a low-income community under  
12 section 45D(e) of the Internal Revenue  
13 Code of 1986; or

14 (iii) subject to subparagraph (B), an  
15 area that—

16 (I) is adjacent to an area that  
17 meets the requirements of either  
18 clause (i) or (ii); and

19 (II) is given special approval by  
20 the national cooperative development  
21 center to be classified as an under-  
22 served area.

23 (B) LIMITATION.—The national coopera-  
24 tive development center shall limit the number  
25 of projects funded under the National Coopera-

1           tive Development Program that are located in  
2           an area described in subparagraph (A)(iii).

3           (10) WOMEN- AND MINORITY-OWNED BUSI-  
4           NESS.—The term “women- and minority-owned busi-  
5           ness” shall have the meaning given such term in  
6           regulations prescribed by the Secretary.

7   **SEC. 4. ESTABLISHMENT OF NATIONAL COOPERATIVE DE-**  
8                           **VELOPMENT PROGRAM AND SELECTION OF**  
9                           **THE NATIONAL CENTER.**

10          (a) ESTABLISHMENT OF PROGRAM.—The Secretary  
11          shall establish a program to be known as the “National  
12          Cooperative Development Program” to carry out the pur-  
13          pose described in section 2(b).

14          (b) SELECTION OF NATIONAL COOPERATIVE DEVEL-  
15          OPMENT CENTER.—

16               (1) IN GENERAL.—Not later than 1 year after  
17          the date of the enactment of this Act, the Secretary  
18          shall select, through a competitive process, and enter  
19          into a grant agreement with a national cooperative  
20          development center that shall carry out its duties  
21          and responsibilities in accordance with this Act.

22               (2) CONSIDERATIONS.—In selecting the na-  
23          tional cooperative development center under para-  
24          graph (1), the Secretary shall take into consider-  
25          ation the following:

1 (A) The extent that the national coopera-  
2 tive development center has demonstrated ex-  
3 pertise in cooperative development.

4 (B) The experience that such national cen-  
5 ter has in providing—

6 (i) technical and financial assistance  
7 to cooperative organizations in underserved  
8 areas; and

9 (ii) educational resources to such or-  
10 ganizations.

11 (c) SUBMITTAL OF STRATEGIC PLAN TO SECRETARY  
12 BY THE NATIONAL CENTER.—

13 (1) IN GENERAL.—Not later than 90 days after  
14 the Secretary has selected the national cooperative  
15 development center under subsection (b)(1), such  
16 national center shall submit to the Secretary a stra-  
17 tegic plan that outlines how the national center in-  
18 tends on utilizing national center funds, and such  
19 plan shall specifically include—

20 (A) a proposed budget, including the pro-  
21 posed administrative costs;

22 (B) a detailed description of how the na-  
23 tional center will use national center funds to  
24 promote, or engage in, cooperative development;  
25 and



1 (C) other pertinent information that the  
2 Secretary may require.

3 (2) REVIEW OF PLAN.—The Secretary shall re-  
4 view the strategic plan submitted under paragraph  
5 (1) and ensure that the administrative costs will not  
6 exceed the limitation provided under section  
7 5(a)(2)(B)(i).

8 (3) APPROVAL REQUIRED.—Not later than 60  
9 days after the submittal of the strategic plan under  
10 paragraph (1), the Secretary shall approve or reject  
11 such plan. In the case that the Secretary—

12 (A) approves such plan, the Secretary shall  
13 disperse national center funds within 1 year  
14 after such approval; or

15 (B) rejects such plan, not later than 60  
16 days after such rejection, such national center  
17 shall resubmit a revised plan.

18 (d) ESTABLISHING PERFORMANCE TARGETS.—

19 (1) HUD.—The Secretary shall establish per-  
20 formance targets for the national cooperative devel-  
21 opment center, which shall include, at a minimum,  
22 the following requirements:

23 (A) FOCUS ON WOMEN- AND MINORITY-  
24 OWNED COOPERATIVE ORGANIZATIONS.—A sig-  
25 nificant percentage of projects funded with na-

1           tional center funds shall involve cooperative or-  
2           ganizations that are women- or minority-owned.

3           (B) FOCUS ON UNDERSERVED AREAS.—A  
4           substantial portion of the projects funded by  
5           local cooperative development centers with na-  
6           tional center funds shall serve communities lo-  
7           cated in an underserved area.

8           (C) EFFECTIVENESS OF ASSISTANCE.—As-  
9           sistance provided by the national cooperative  
10          development center to local cooperative develop-  
11          ment centers shall be evaluated based on—

12                 (i) the level of responsiveness of the  
13                 national cooperative development center to  
14                 requests for assistance;

15                 (ii) the ability of the national coopera-  
16                 tive development center to craft programs  
17                 that help local cooperative development  
18                 centers establish new cooperative organiza-  
19                 tions; and

20                 (iii) measurable economic results in  
21                 local communities that local cooperative de-  
22                 velopment centers serve.

23          (2) LOCAL COOPERATIVE DEVELOPMENT CEN-  
24          TERS.—Each local cooperative development center  
25          awarded national center funds shall establish, in co-

1 ordination with the national cooperative development  
2 center, performance targets that must be met at the  
3 end of each year in which the entity receives grant  
4 funds. Such targets shall be approved by the na-  
5 tional cooperative development center.

6 **SEC. 5. NATIONAL COOPERATIVE DEVELOPMENT CENTER.**

7 (a) DUTIES OF THE NATIONAL COOPERATIVE DE-  
8 VELOPMENT CENTER.—

9 (1) IN GENERAL.—The national cooperative de-  
10 velopment center shall—

11 (A) submit to the Secretary a strategic  
12 plan in accordance with section (4)(c)(1);

13 (B) develop technical assistance, edu-  
14 cational, and other materials to assist local co-  
15 operative development centers that are receiving  
16 national center funds develop cooperative orga-  
17 nizations;

18 (C) monitor and evaluate the performance  
19 of such local centers;

20 (D) provide guidance, information on best  
21 practices, and technical assistance to commu-  
22 nities seeking to establish cooperative organiza-  
23 tions;

1 (E) establish the eligibility criteria for  
2 projects to be carried out using national center  
3 funds; and

4 (F) develop program and reporting guide-  
5 lines, as approved by the Secretary.

6 (2) USE OF NATIONAL CENTER FUNDS.—

7 (A) IN GENERAL.—The national coopera-  
8 tive development center may use national center  
9 funds to undertake activities that promote coop-  
10 erative development, including—

11 (i) distributing national center funds  
12 to local cooperative development centers,  
13 either selected under clause (i) of subpara-  
14 graph (C) or established under subsection  
15 (b), in accordance with such subparagraph;

16 (ii) partnering with a financial institu-  
17 tion to—

18 (I) establish a revolving loan pro-  
19 gram, subject to the limitation under  
20 subparagraph (B)(ii)(II), that will  
21 provide loans to cooperative organiza-  
22 tions; and

23 (II) develop other loan programs  
24 and financial products that can be  
25 accessed by local cooperative develop-

1                   ment centers to support the develop-  
2                   ment and retention of cooperative or-  
3                   ganizations;

4                   (iii) providing technical assistance in  
5                   areas where local cooperative development  
6                   centers do not provide such assistance, es-  
7                   pecially assistance for cooperative organi-  
8                   zations at the national level;

9                   (iv) funding reasonable administrative  
10                  costs approved by the Secretary in accord-  
11                  ance with section 4(c)(3);

12                  (v) providing funding for ongoing pro-  
13                  fessional training of providers of technical  
14                  assistance and supporting existing profes-  
15                  sional development training for organiza-  
16                  tions engaged in cooperative development;

17                  (vi) establishing and developing local  
18                  cooperative development centers pursuant  
19                  to subsection (b); and

20                  (vii) carrying out any other activities  
21                  that promote cooperative development, as  
22                  determined by the Secretary.

23                  (B) ALLOCATION OF NATIONAL CENTER  
24                  FUNDS.—The national cooperative development

1 center shall allocate national center funds in the  
2 following manner:

3 (i) Shall reserve not more than 10  
4 percent for administrative purposes.

5 (ii) Of the national center funds not  
6 allocated for administrative costs under  
7 clause (i)—

8 (I) 55 percent shall be awarded  
9 to local cooperative development cen-  
10 ters; and

11 (II) 45 percent shall be allocated  
12 to establish the revolving loan pro-  
13 gram referred to clause (ii)(I) of sub-  
14 paragraph (A) and undertake any  
15 other activity described under such  
16 subparagraph.

17 (C) DISTRIBUTION OF NATIONAL CENTER  
18 FUNDS TO LOCAL COOPERATIVE DEVELOPMENT  
19 CENTERS.—

20 (i) IN GENERAL.—The national coop-  
21 erative development center shall select,  
22 through a competitive process, and enter  
23 into a grant agreement, for a period of no  
24 more than 3 years, with local cooperative  
25 development centers to promote, or engage

1 in, cooperative development in accordance  
2 with this Act.

3 (ii) CRITERIA FOR SELECTION.—The  
4 national cooperative development center  
5 shall, in consultation with the Secretary,  
6 establish the criteria for selecting the local  
7 cooperative development centers under  
8 clause (i), taking into account the consid-  
9 erations under clause (iii).

10 (iii) CONSIDERATIONS.—In selecting  
11 local cooperative development centers  
12 under clause (ii), the national cooperative  
13 development center shall take into consid-  
14 eration the following:

15 (I) The technical capacity to  
16 carry out eligible projects.

17 (II) The ability to deliver tech-  
18 nical assistance in underserved areas.

19 (III) The capacity and commit-  
20 ment to offering cooperative develop-  
21 ment in underserved areas.

22 (IV) The ability to come up with  
23 the expected matching funding of not  
24 less than 15 percent of national funds

1 received by the local cooperative devel-  
2 opment center.

3 (V) The presence of eligible  
4 projects.

5 (VI) The track record in devel-  
6 oping successful cooperative organiza-  
7 tions.

8 (VII) The degree of community  
9 engagement and support.

10 (VIII) The ability to have a posi-  
11 tive economic impact on an area  
12 through job creation or retention, af-  
13 fordable housing creation, or wealth  
14 creation.

15 (IX) Such other qualities as the  
16 national cooperative development cen-  
17 ter may determine.

18 (D) MULTI-YEAR FUNDING PERMITTED.—  
19 The national cooperative development center  
20 may award national center funds to a local co-  
21 operative development center for more than 1  
22 fiscal year.

23 (E) VIOLATION OF GRANT AGREEMENT.—  
24 If the national cooperative development center  
25 determines that an entity awarded grant funds



1 under National Cooperative Development Pro-  
2 gram has not met the performance targets es-  
3 tablished pursuant to section 4(d), is not mak-  
4 ing reasonable progress toward meeting such  
5 measures, or is otherwise in violation of the  
6 grant agreement, the national center may—

7 (i) withhold financial assistance until  
8 the performance measures are met; or

9 (ii) terminate the grant agreement es-  
10 tablished under section 5(a)(2)(C)(i).

11 (b) ESTABLISHMENT OF NEW LOCAL COOPERATIVE  
12 DEVELOPMENT CENTERS.—

13 (1) IN GENERAL.—The national cooperative de-  
14 velopment center may establish up to 3 local cooper-  
15 ative development centers in each fiscal year.

16 (2) SELECTION CRITERIA.—The national coop-  
17 erative development center shall establish the criteria  
18 for the selection of organizations that form the local  
19 cooperative development centers established under  
20 subparagraph (1).

21 (3) LOCATION.—In addition to the criteria es-  
22 tablished pursuant to subparagraph (2), a local co-  
23 operative development center established under sub-  
24 paragraph (1) shall be located in a region of the

1 United States or economic sector where no other  
2 local cooperative development centers are located.

3 (4) LIMITATIONS ON FUNDING.—A local cooper-  
4 ative development center established under subpara-  
5 graph (1) may be awarded national center funds for  
6 no more than 3 years. After the expiration of such  
7 3-year period, in order to be eligible for a grant  
8 under the National Cooperative Development Pro-  
9 gram, such local center would be required to com-  
10 pete for such funds in accordance with subsection  
11 (a)(2)(C).

12 **SEC. 6. LOCAL COOPERATIVE DEVELOPMENT CENTERS.**

13 (a) USE OF FUNDS BY LOCAL COOPERATIVE DEVEL-  
14 OPMENT CENTERS.—A local cooperative development cen-  
15 ter selected under section 5(a)(2)(C)(i) may use national  
16 center funds to undertake activities that promote coopera-  
17 tive development.

18 (b) AVAILABILITY OF FUNDS.—

19 (1) IN GENERAL.—A local cooperative develop-  
20 ment center awarded national center funds shall—

21 (A) obligate any such funds not later than  
22 3 years after the date on which the such funds  
23 were awarded to such local center; and

24 (B) expend any such funds not later than  
25 4 years after such date.

1           (2) UNOBLIGATED AMOUNTS.—If national cen-  
2           ter funds awarded to a local cooperative development  
3           center are not obligated by the period described in  
4           paragraph (1)(A), the national cooperative develop-  
5           ment center may rescind and award such funds to  
6           another local cooperative development center in ac-  
7           cordance with this Act.

8           (3) REPORT.—Not later than 1 year after re-  
9           ceiving national center funds, and annually there-  
10          after, a local cooperative development center selected  
11          under section 5(a)(2)(C)(i) or established under sec-  
12          tion 5(b) shall submit to the national cooperative de-  
13          velopment center a report that includes—

14                (A) the total amount of grant funds that  
15                have been expended;

16                (B) a description of the activities under-  
17                taken by such local center;

18                (C) an evaluation of each project funded  
19                with national center funds;

20                (D) an assessment of the economic impact  
21                of the projects funded with national center  
22                funds; and

23                (E) other information as the Secretary or  
24                the national cooperative development center  
25                may require.

1   **SEC. 7. REPORT TO CONGRESS.**

2           Not later than 3 years after the date of the enact-  
3   ment of this Act, and annually thereafter, the Secretary,  
4   in collaboration with the national cooperative development  
5   center, shall submit to Congress a report includes—

6           (1) information on the number of cooperatives  
7   created;

8           (2) best practices from the local cooperative de-  
9   velopment centers that are awarded national center  
10   funds and the economic benefits to the local commu-  
11   nity in which such center serves resulting from such  
12   use of funds;

13          (3) an evaluation of performance targets estab-  
14   lished pursuant to section 4(d);

15          (4) case studies featuring select cooperative or-  
16   ganizations that benefitted from the National Coop-  
17   erative Development Program; and

18          (5) any additional information, including statis-  
19   tics, that would help promote future cooperative de-  
20   velopment.

21   **SEC. 8. REGULATIONS.**

22           Not later than 180 days after the date of the enact-  
23   ment of this Act, the Secretary shall issue regulations nec-  
24   essary to carry out its provisions.

1   **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

2           There are authorized to be appropriated to the Sec-  
3   retary for the award of grants under the National Cooper-  
4   ative Development Program, to remain available until ex-  
5   pended—

- 6           (1) \$25,000,000 for fiscal year 2012;  
7           (2) \$25,000,000 for fiscal year 2013;  
8           (3) \$25,000,000 for fiscal year 2014;  
9           (4) \$25,000,000 for fiscal year 2015; and  
10          (5) \$25,000,000 for fiscal year 2016.